USA Today Op-Ed, April 2, 2009

Our antiquated financial regulatory system helped create the current economic downturn by not evolving to address new financial instruments. Our regulations are now accelerating declines in the stock market and freezing credit.

Valuing mortgages and mortgage-backed securities at current market value under the "mark-to-market" accounting rule might make sense under normal economic conditions. But in the midst of the worst recession in living memory, the Securities and Exchange Commission should revise mark-to-market until the crisis has passed.

Most American mortgages have intrinsic value that a fire-sale value does not reflect. Nearly 90% of mortgages are paid on time each month, but the mark-to-market rule forces banks to value their assets at panic-sale prices. This artificially limits lending and destroys investor confidence.

To help balance their suddenly depleted mark-to-market account ledgers, banks significantly curtailed lines of credit — a crippling blow to the millions of small businesses in the country. This is particularly devastating for inventory-intensive industries. The National Automobile Dealers Association estimates that approximately 900 of the country's 20,770 dealerships closed last year, with an additional 1,200 closures possible this year.

Beyond the credit freeze, bank failures are accelerating at a blistering pace. According to the Federal Deposit Insurance Corp., 27 banks failed from 2000 to 2007. Since the mark-to-market rule was implemented, 46 more banks failed in just 15 months.

Our current economy demonstrates the inadequacies of an inflexible regulatory system. Congress indicated its support for suspending or revising mark-to-market when it included a provision in last year's financial rescue legislation restating the power of the SEC to suspend the rule.

Mark-to-market accounting makes sense in the classroom, but not in the most trying time since the Great Depression. Revising mark-to-market would return to more traditional accounting where cooler heads — surely needed today – can prevail.

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